UNIQA Insurance Group AG
Economic Capital and Embedded Value 2015

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Executive Summary

- Economic Capital Ratio (ECR) increased to 182% (2014: 150%)
- Portion of market risk further reduced (66%, 2014: 70%)
- Regulatory Solvency II capital ratio increased to 195% (2014: 153%)
- GEV increased to EUR 4,725mn (+13%) driven by strong operating earnings
- Improved New Business Margin of 2.4% increases NBV to EUR 73mn

Economic Capital	**Methodology**
	Results
	Sensitivities and other analysis
Embedded Value	Methodology
	Results
	Sensitivities and other analysis
Appendix	Assumptions
	Glossary & Disclaimer

Group Economic Capital Figures

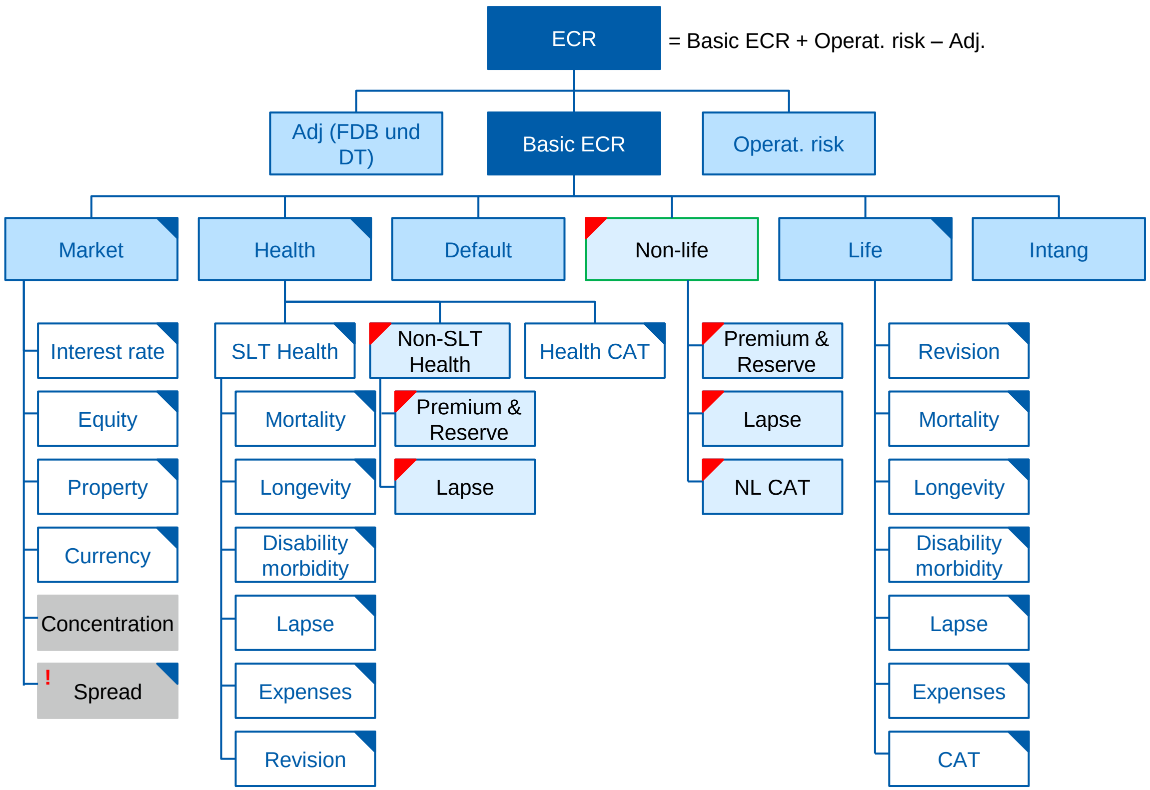
Methodology

- Disclosure of Economic Capital Model (ECM) results:
  - UNIQA discloses ECM results 2015 on the basis of the underlying and published methodology of the Group Economic Capital Model
  - Economic capital is a key figure for steering UNIQA Group
  - UNIQA discloses the own funds and Economic Capital Requirement (ECR) detailed by risk classes
  - All figures are disclosed after the risk absorbing effects of future discretionary benefits
- Independent review of methodology, assumptions and calculations for economic capital calculation by B&W Deloitte GmbH
- Important valuation principles for the available own funds
  - Valuation of assets and liabilities based on EC Delegated Acts
  - Goodwill is set to zero according to EC specifications (EUR 429mn)
  - Market value of properties and loans replace the IFRS values
  - Participations are valued at market price as of 31.12.2015
  - Technical provisions and reinsurance recoverables are valued on a discounted best estimate basis

Group Economic Capital Figures

Methodology

UNIQA Group's economic capital model



! Calculated according to UNIQA internal economic methodology

Allowance for the risk absorbing effect of Future Discretionary Benefits (FDB)

Calculated with partial internal model

Model details

- Based on SII standard approach
- Spread risk and concentration risk are valued on the basis of an internal approach
- The underwriting risk of non-life is valued on the basis of UNIQA's partial internal model
- Correlation assumptions equal to standard formula – this does not apply to the partial internal model where internal coefficients are used
- Underlying risk measure: 99.5% VaR (Value at Risk) over a 1-year time horizon

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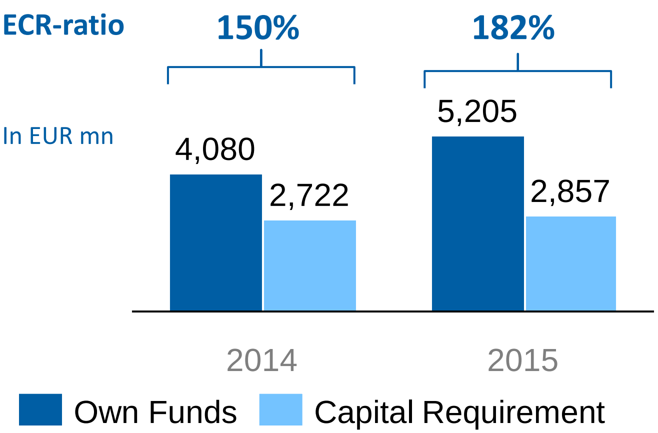
Group Capital Requirements

Economic and Regulatory SII Capital Ratio

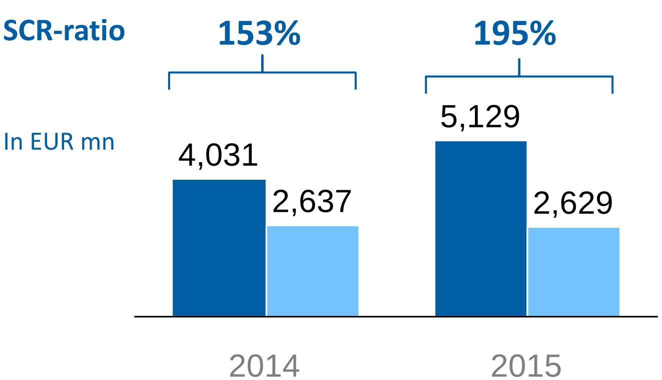
Economic capital position



Measures used

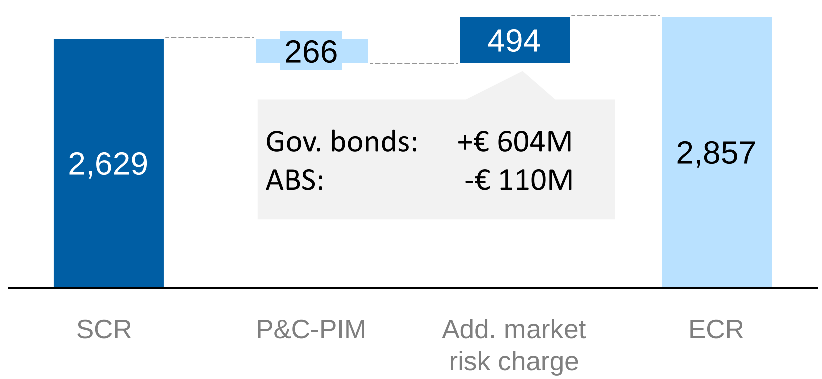
	ECR	SCR
Internal Model	Yes, P&C business	No
Sovereign Risk charge	Yes (full loading)	No
Volatility Adjustments	Yes (static)	Yes (static)
Transitionals[1]	No	No
Matching Adjustment	No	No

Regulatory SII capital position[2]



Reconciliation SCR to ECR

Required capital in EUR mn

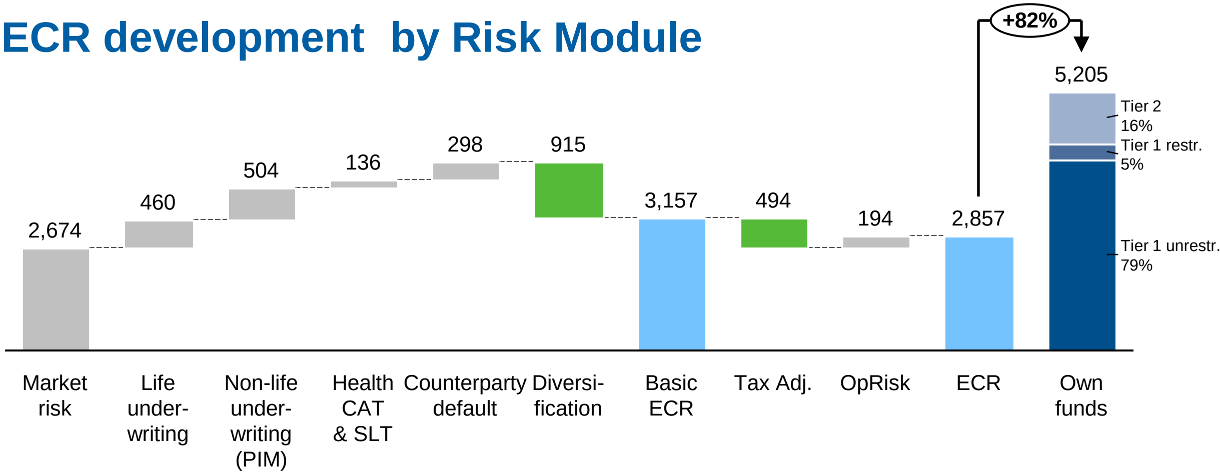


[1] Applies to major transitionals on interest rate or technical provision
[2] Minor adjustments possible due to differences in member states affecting the group aggregation

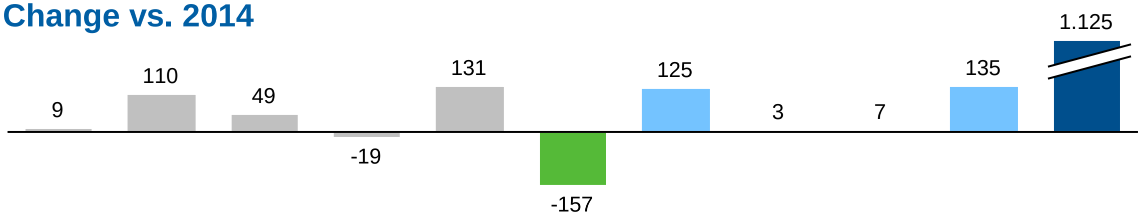
Group ECR Results

Details on Economic Capital Ratio

ECR development by Risk Module

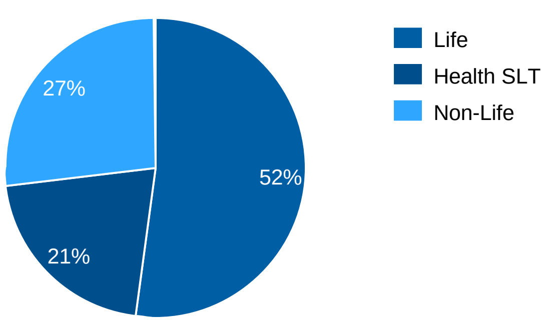


Change vs. 2014

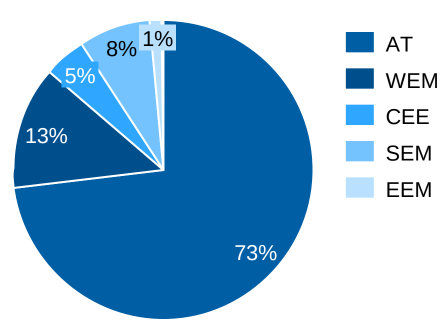


- **Stable ECR development**
  - ECR increase mainly driven by Counterparty Default Risk and Life underwriting module which allows for volatility in customer cash option
  - Portion of market risk, which remains stable in absolute terms, reduced to 66%
- **Increase of own funds by EUR 1,125 mn**
  - Submission of EUR 500mn Tier 2 capital
  - Strong operating and economic earnings, especially in Health

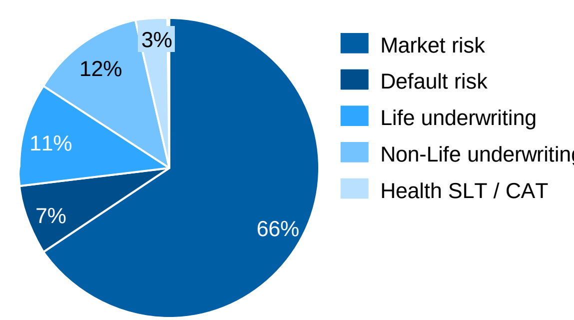
ECR split by LoB



ECR split by Region



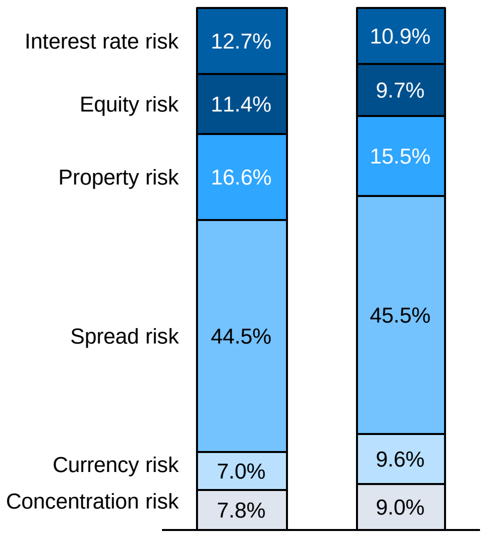
ECR split by Risk Module



Group ECR Results

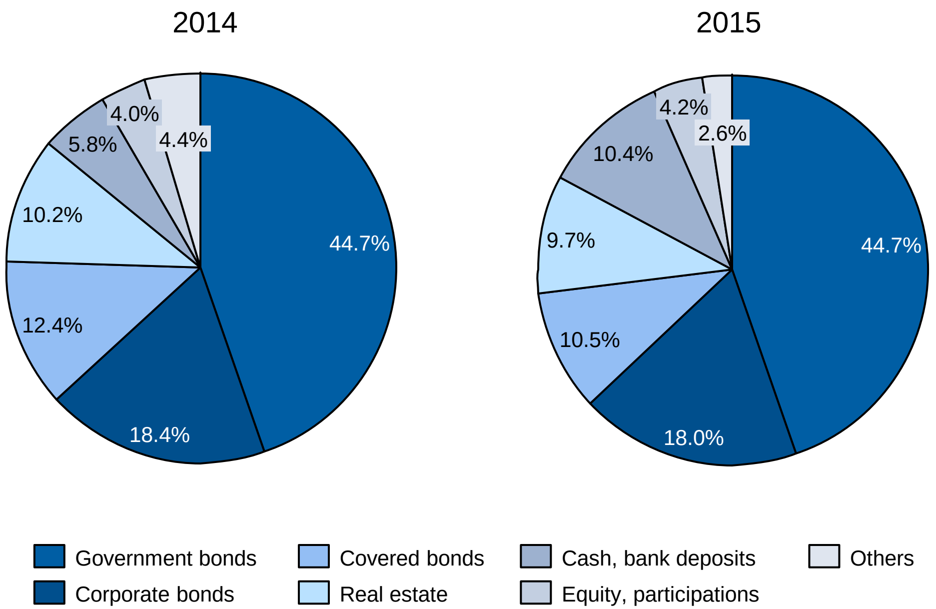
UNIQA Group market risk profile

Market risk



	12/2014	12/2015
% risk profile	70%	66%
EUR mn	2,665	2,674

Asset allocation (based on EBS[1])



Market risks

- The currency risk share increased due to the fact that FX hedges are no longer treated as strategic risk mitigation measures. Consequently the hedge effect of FX forwards and other derivatives with a maturity of less than 12 months is only partially considered for ECR calculation purposes (remaining time to maturity in days / 365).
- Interest rate risk decreased in relative and absolute terms as a consequence of general changes to interest rates, a higher duration on the asset side and increased lapse assumptions for the traditional Austrian life business.

Asset allocation

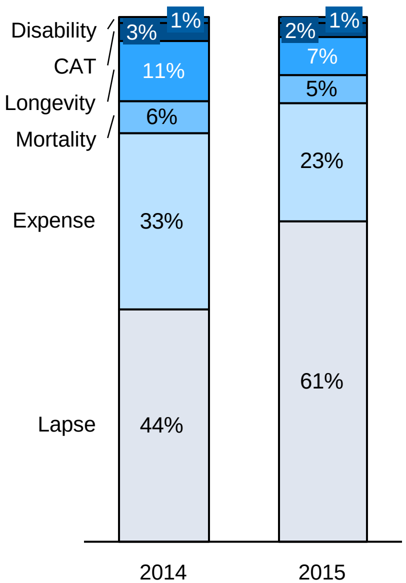
- Increase in cash partially due to capital market placement of €500m subordinated tier 2 bond

[1] EBS = Economic Balance Sheet

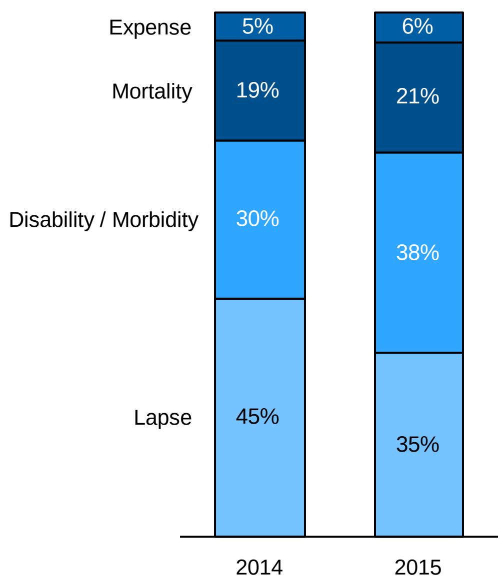
Group ECR Results

UNIQA Group underwriting risk profile

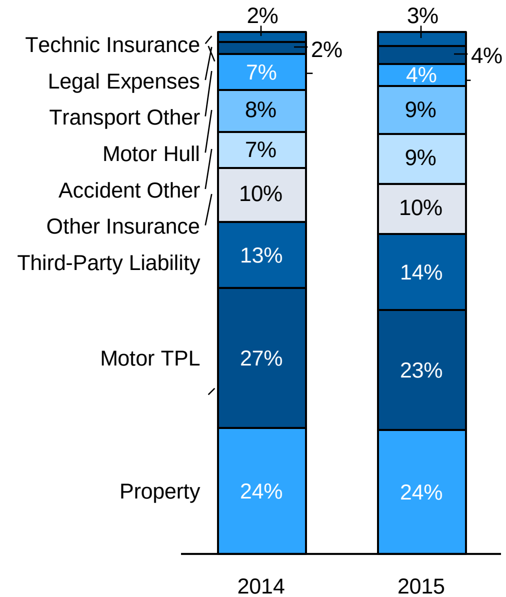
Life underwriting risk



Health underwriting risk



Non-life underwriting risk



	Life 2014	Life 2015	Health 2014	Health 2015	Non-life 2014	Non-life 2015
% risk profile	9%	11%	4%	3%	12%	12%
EUR mn	350	460	155	136	454	504

Key underwriting risks

- Lapse risk: less surrenders of contracts with high guarantees in decrease scenario, increase due to considered cash option rates
- Biometric risks have minor relevance

Measures

- Ongoing In force management initiative
- Further expense monitoring and cost optimization

Key underwriting risks

- Mass lapse scenario: lapsing of highly profitable business, decrease due to more use of risk mitigation potential
- Morbidity: time lag between high increase of health costs and premium adjustments

Measures

- Premium adjustments in case of negative performance
- Strict profitability monitoring of portfolio

Key underwriting risks

- MTPL share reduces because of reduced reserve risk offsetting the increasing effect of business risk
- Share of other LoBs increased by introduction of business risk

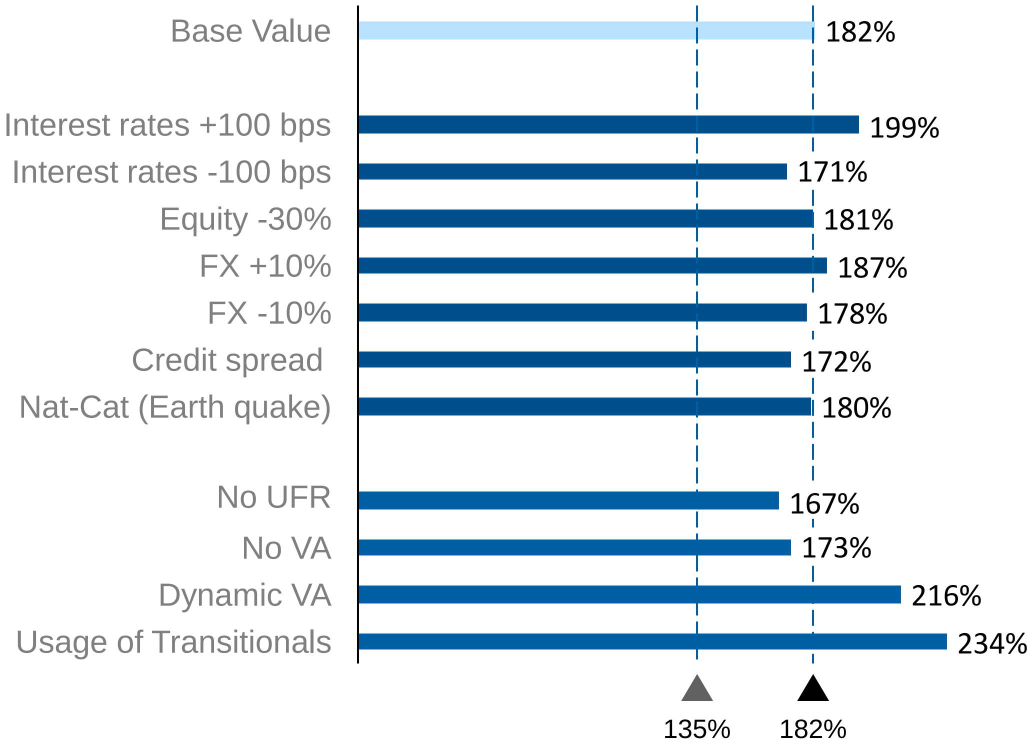
Measures

- Motor on-going sanitation
- Green Card initiative to stabilize run-off
- Non-motor sales push

Group ECR Results

Sensitivities

Estimated sensitivity of ECR quota



Impact on change to ECR quota

2015	2014
+17%-p	+20%-p
-12%-p	-16%-p
-1%-p	-5%-p
+5%-p	+3%-p
-4%-p	-3%-p
-10%-p	-14%-p
-2%-p	-2%-p
-15%-p	-17%-p
-10%-p	-9%-p
+34%-p	+38%-p
+52%-p	+55%-p

- **Interest rate sensitivites** reflects SII valuation approach: stress applies on liquid and non negative part of the curve only, extrapolation to UFR 4.2%
- Widening of **credit spreads** in relation to the respective rating category (25bp for AA and additional 25bp for each lower rating class ending at 150bp for CCC)
- **Nat-Cat** sensitivity assumes an earthquake with the epicentre in Austria and return period 250 years
- Sensitivity on **dynamic volatility adjustment (VA)** allows for an increasing VA based on EIOPA‘s defined spread stress in the standard formula
- **Transitional sensitivity** based on Technical Provision transitional (Article 308d, Solvency II directive)

Group ECR Results
IFRS reconciliation and economic value creation

IFRS reconciliation (EUR mn)

Position		2015	2014
IFRS total equity		**3,175**	**3,102**
-	Goodwill	429	425
-	Intangible assets and VBI	63	66
-	Deferred acquisition costs (DAC)	980	999
+	Revaluation (after deferred taxes)	2,566	2,032
	Revaluation of assets	*851*	*504*
	Revaluation of technical provisions	*1,714*	*1,527*
+	Subordinated liabilities	1,096	600
-	Foreseeable dividends	145	129
-	Capping of minority interests	-14	-8
Economic own funds to cover ECR		**5,205**	**4,080**

IFRS reconciliation

- Goodwill, value of business in force, deferred acquisition costs and intangible assets are valued at zero according to Solvency II.
- Other revalued assets include property (appraisal value instead of amortized cost), participations (market value instead of IFRS book value) and loans.
- Gross technical provisions and the share of the reinsurer in the technical provisions are revalued to discounted best estimate reserves.
- Subordinated liabilities are subject to eligibility restrictions, depending on their quality („Tiering“). All of UNIQA‘s subordinated liabilities are included in eligible own funds.
- Foreseeable dividends have to be subtracted from eligible own funds according to Solvency II.

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Group Embedded Value
Methodology

- Disclosure of Group Embedded Value (GEV) results:
  - UNIQA discloses GEV results 2015 on the basis of the Market Consistent Embedded Value©(a) (MCEV) principles
  - Includes MCEV using bottom-up, market consistent methodology for main Life and Health businesses
  - Split by the regions Austria, Italy and CEE (including Russia)
- Adjusted Net Asset Value (ANAV) for Property and Casualty, Life and Health businesses excluded from scope of MCEV on the basis of adjusted IFRS equity
- GEV allows for consolidation adjustments and minority interests and is defined as:
  - Adjusted net asset value for Property and Casualty, Life and Health businesses excluded from scope of MCEV calculations
  - Plus MCEV
- Independent review of methodology, assumptions and calculations for MCEV and calculations for GEV by B&W Deloitte GmbH

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Group Embedded Value

Results

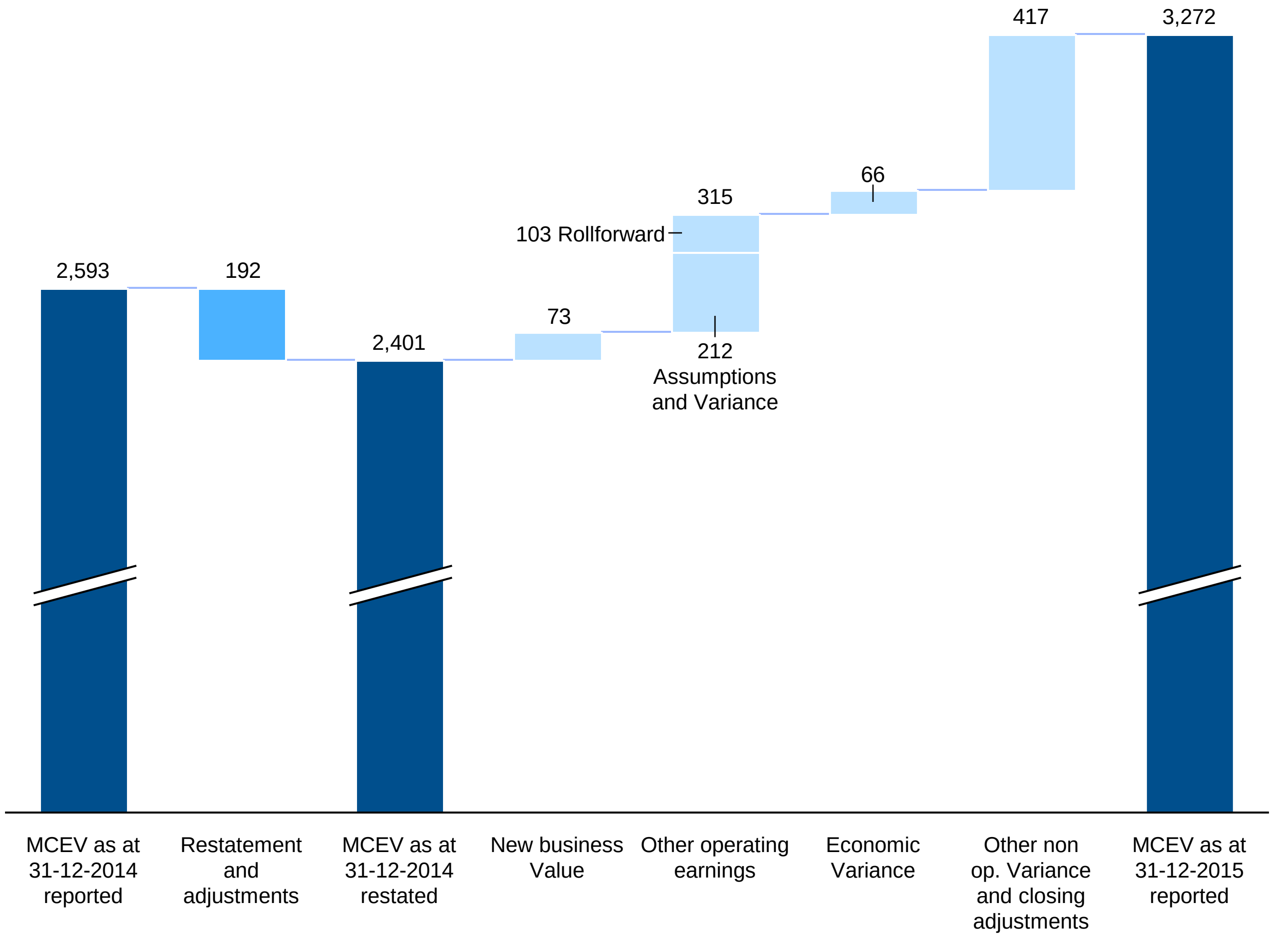
- GEV changed by +13.2% to EUR 4,725mn
- Value increase driven by both adjusted net asset value and value of in-force business
- Increase in VIF is mainly driven by development in Austria due to higher lapse rates for traditional life business, lower claims ratios and premium adjustments in health business
- Increase in required capital and related FCRC due to change to Solvency II regime
- Return on GEV amounts to EUR 214mn or 5.3%

Group Embedded Value	Life & Health		Property & Casualty		Total		Change over period
in EUR mn	2015	2014	2015	2014	2015	2014	
Free surplus	494	482					
Required capital	931	538					
Adjusted net asset value	1,424	1,019	1,454	1,581	2,878	2,601	11%
Present value of future profits	2,484	2,081	n/a	n/a	2,484	2,081	19%
Cost of options and guarantees	-307	-305	n/a	n/a	-307	-305	1%
Frictional cost of required capital	-159	-52	n/a	n/a	-159	-52	206%
Cost of residual non-hedgeable risk	-171	-150	n/a	n/a	-171	-150	14%
Value of in-force business	1,847	1,574	n/a	n/a	1,847	1,574	17%
GEV / MCEV	3,272	2,593	1,454	1,581	4,725	4,175	13%

Group Embedded Value

Life & health analysis of change

- Restatement and opening adjustments include
  - Capital and dividend flows (EUR -194mn)
  - Foreign exchange variance (EUR 2mn)
- Ongoing positive development of operating earnings resulted in an increase of EUR 315mn
  - Lower claims ratios and effect of premium adjustments in health AT
  - Increased lapse rates for traditional life AT
- Closing adjustments are capital and dividend flows and the shift of a participation from P&C ANAV to Life ANAV



Free surplus	482	-193	288	-149	-36	-55	445	494
Required capital	538	0	538	94	173	105	21	931
Value of in-force business	1,574	1	1,575	128	178	16	-49	1,847
GEV / MCEV	2,593	-192	2,401	73	315	66	417	3,272

Group Embedded Value

Results split by regions

- Positive MCEV development across all regions, overall value still dominated by Austria
- New business margin increases to 2.4%
- Total new business 2015 was valued based on economic assumptions as at 31.12.2015

Embedded Value by region	2015				2014			
in EUR mn	Austria	Italy	CEE	Total	Austria	Italy	CEE	Total
Free surplus	387	52	55	494	422	43	17	482
Required capital	834	74	22	931	425	77	36	538
Adjusted net asset value	1,221	126	78	1,424	847	119	54	1,019
Value of business in-force	1,625	59	163	1,847	1,390	26	157	1,574
Life and health MCEV	2,846	184	241	3,272	2,237	146	211	2,593
As a % of total Life MCEV	87.0%	5.6%	7.4%	100.0%	86.3%	5.6%	8.1%	100.0%
Value of new business	38	19	16	73	30	6	18	53
Present value of new business premiums (PVNBP)	1,825	936	272	3,032	1,937	973	300	3,210
New business margin (% of PVNBP)	2.1%	2.0%	6.0%	2.4%	1.5%	0.6%	5.9%	1.7%

Group Embedded Value

Life & health sensitivities

- Decreased interest rate sensitivity due to higher lapse rates in traditional Austrian life business
- Non-economic sensitivities remain at less material level compared to changes to economic factors

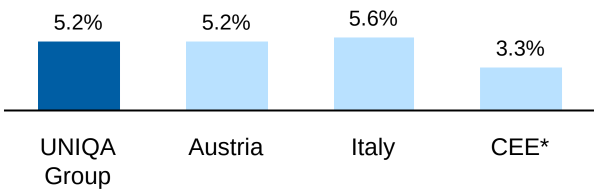
in EUR mn	Change in Embedded Value				Change in New Business Value			
	2015		2014		2015		2014	
Base value	3,272	100%	2,593	100%	73	100%	53	100%
EV change by economic factors								
Risk free yield curve -100bp	-316	-10%	-508	-20%	-7	-9%	-42	-78%
Risk free yield curve -50bp	-134	-4%	-178	-7%	-4	-5%	-15	-27%
Risk free yield curve +50bp	92	3%	116	4%	-1	-2%	4	7%
Risk free yield curve +100bp	141	4%	229	9%	-6	-9%	14	25%
Equity and property market values -10%	-129	-4%	-151	-6%	0	0%	0	0%
Equity and property implied volatilities +25%	-2	0%	-17	-1%	0	0%	-1	-2%
Swaption implied volatilities +25%	-105	-3%	-83	-3%	-15	-21%	-9	-18%
EV change by non-economic factors								
Maintenance expenses -10%	70	2%	60	2%	7	10%	9	16%
Lapse rates -10%	74	2%	36	1%	13	18%	7	14%
Mortality for assurances -5%	65	2%	39	2%	5	6%	5	10%
Mortality for annuities -5%	-6	0%	-8	0%	0	0%	0	0%
Additional sensitivity								
Removal of liquidity premium	-151	-5%	-169	-7%	-2	-2%	-12	-22%
UFR = 3.2%	-176	-5%	-169	-7%	-14	-19%	-13	-23%

Group Embedded Value

Implied Discount Rate / Internal Rate of Return / Free Surplus Generation

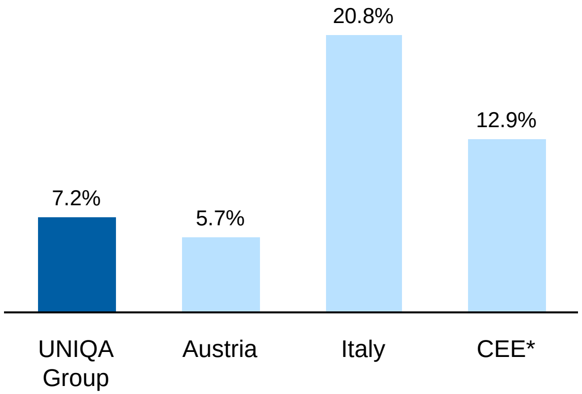
Implied Discount Rate 2015

in %, based on in-force business



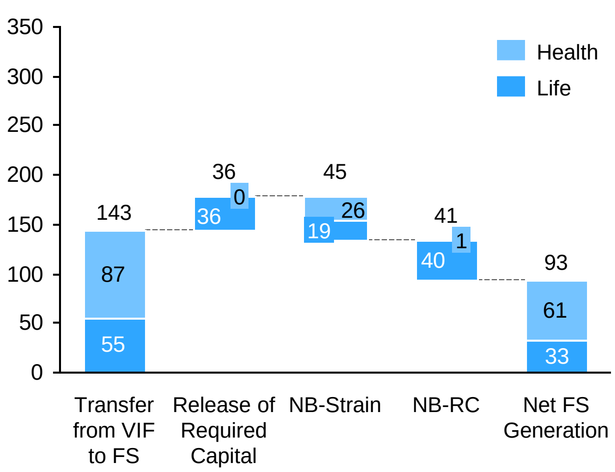
Internal Rate of Return 2015

in %, based on new business



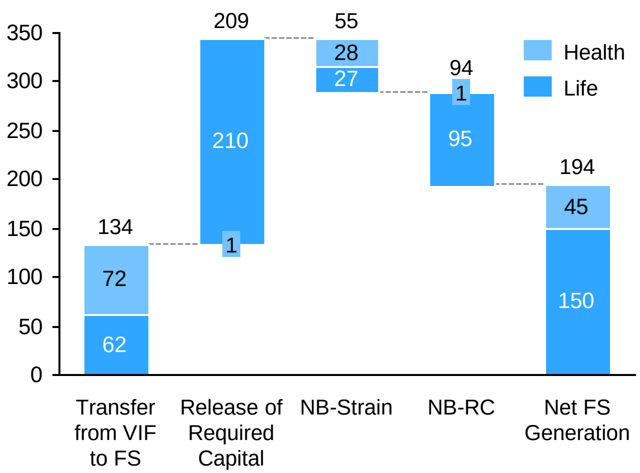
Free Surplus Generation 2014

in EUR mn



Free Surplus Generation 2015

in EUR mn



- Implied discount rate on comparable level to 2014
- IRR overall decreases due to relative higher free surplus strain (required capital costs and new business strain) compared to future profits (decrease of risk premium increases impact)
- Free surplus generation: Release of required capital is higher under Solvency II

* incl. Russia

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Economic assumptions

MCEV and ECR

- Consistent assumptions for MCEV and ECR valuation
- Reference rates based on swap rates as at 31 December 2015 including a liquidity premium (volatility adjustment). The liquidity premium is derived from observable market data and based on the approach used for internal risk capital calculations
- The 2015 calibration of the economic scenarios is based on implied volatilities

Reference rates[a]	EUR		CZK		HUF		PLN		RUB	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
1 year	-0.16%	0.06%	0.18%	0.18%	1.03%	1.67%	1.41%	1.71%	11.25%	20.35%
5 years	0.23%	0.26%	0.55%	0.42%	2.61%	3.04%	2.18%	2.07%	10.10%	12.23%
10 years	0.92%	0.72%	0.92%	0.76%	3.41%	3.61%	2.99%	2.41%	9.82%	10.61%
15 years	1.34%	1.09%	1.26%	1.09%	4.07%	3.89%	3.47%	2.65%	8.69%	8.85%
20 years	1.53%	1.28%	1.66%	1.50%	4.36%	4.00%	3.69%	2.87%	7.90%	7.83%
25 years	1.80%	1.58%	2.02%	1.90%	4.45%	4.05%	3.82%	3.06%	7.32%	7.17%

(a) Excluding liquidity premium

Liquidity premium in bp	EUR	CZ	HU	PL	RUB
Base premium – 100%	34	9	29	12	0
Participating life business – 65%	22	6	19	8	0
Unit and index linked business – 65%	22	6	19	8	
Health business – 65%	22				

Exchange rates and tax rates	Exchange rate		Tax rate	
	2015	2014	2015	2014
UNIQA Austria	–	–	25.00%	25.00%
UNIQA Italy	–	–	34.32%	33.72%
UNIQA CZ	27.02	27.74	19.00%	19.00%
UNIQA HU	315.98	315.54	19,00% + 2,3%[a]	19,00% + 2,3%[a]
UNIQA SK	-	-	22.00%	22.00%
UNIQA PL	4.26	4.27	19.00%	19.00%
Raiffeisen Russia	80.67	72.34	20.00%	20.00%

(a) Muncipal tax and innovation fee

Other economic assumptions (EUR)	2015	2014
Interest rate volatility[a]	33.70%	39.54%
Equity volatility[b]	23.62%	22.39%
Expense/medical inflation	2%/2%	2%/2%

(a) 10 to 10 implied swaption volatility
(b) 10 years

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Glossary

ABS	Asset Backed Securities
ALM	Asset Liability Management
ANAV	Adjusted Net Asset Value
CAT	Catastrophe Risk
CDR	Counterparty Default Risk
EC	European Commission
ECM	Economic Capital Model: UNIQA's approach for calculating a SCR based on the standard approach with deviation of the technical specifications in respect of the treatment of EU government bonds and Asset Backed Securities and with inclusion of PIM
ECR	Economic Capital Requirement: risk capital requirement resulting from the Economic Capital Model
EV, GEV	Embedded Value, Group Embedded Value
FS	Free Surplus
Health SLT	Health Similar to Life Techniques (long term health business)
IFRS	International Financial Reporting Standards: set of accounting standards, developed and maintained by the International Financial Reporting Standards Board (IASB) with the intention of assuring standardisation of financial statements across the market
IRR	Internal Rate of Return
MAT	Marine, Aviation, Transport
MCEV	Market Consistent Embedded Value: measure of the consolidated value of shareholders' interests in the covered business
NB-RC	New Business Required Capital
PIM	Partial Internal Model (UNIQA's internal model for the calculation of the non-life and health NSLT underwriting risk)
Regions	**AT** – Austrian Operating Companies,
	WEM - Western European Markets (Liechtenstein, Italy, Switzerland),
	CEE – Central Eastern Europe (Slovakia, Czech Republic, Hungary, Poland),
	SEE – Southern Eastern Europe (Croatia, Serbia, Bosnia, Bulgaria),
	EEM – Eastern Emerging Markets (Romania, Russia, Ukraine)
S&P	Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial
VaR	Value at Risk: risk measure used within UNIQA's partial internal model for deriving the capital requirement for the non-life and health NSLT underwriting risk
VIF	Value of in-force business
VNB	New Business Value

Disclaimer

Cautionary statement regarding forward looking statements

- This presentation contains forward-looking statements
- Forward-looking statements involve inherent risks and uncertainties, and it might not be possible to achieve the predictions, forecasts, projections and other outcomes described or implied in forward-looking statements
- A number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in these forward-looking statements
- These forward-looking statements will not be updated except as required by applicable laws